



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE

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TREASURER ANGELIDES COMMENTS ON LEGISLATIVE ANALYST'S OVERVIEW OF GOVERNOR'S BUDGET

SACRAMENTO, CA – State Treasurer Phil Angelides had the following comments today in response to the Overview of the Governor's Budget for fiscal year 2006-07 and analysis of the Governor's proposed Strategic Growth Plan presented today by the non-partisan Legislative Analyst Elizabeth Hill:

"Today's report by the Legislative Analyst has rightly concluded that Governor Schwarzenegger's budget lacks credibility and takes California in the wrong direction.

"Her report card shows that Governor Schwarzenegger continues to fail to balance the budget, which was his central promise to the voters.

"In her non-partisan analysis of the Governor's budget proposal and Strategic Growth Plan, Elizabeth Hill confirms what the Treasurer's Office has pointed out over the last week: the Governor's spending plan 'moves the state in the wrong direction,' and – for the third year in a row – fails to live up to the Governor's promises to truly balance the state's budget.

"Ms. Hill points out that 'the overall plan fails to take advantage of the opportunity to reduce the underlying structural budget shortfall and, in fact, makes the shortfall worse' – pushing the state's projected budget deficit to over \$5 billion in the next fiscal year. This governor's continued failure to truly balance the budget is reflected in our state's lowest-in-the-nation credit ratings, and in fact, news reports indicate that the credit rating agencies find little in this budget to alleviate their concerns over the state's persistent budget imbalance.

"Ms. Hill also shares the concerns I hold as the State's chief investment officer over the Governor's Strategic Growth Plan, pointing out that the \$222.6 billion, 10-year spending proposal 'does not provide an overall assessment of the state's needs' although such a report is annually required by law and has yet to be completed by this Administration; that the plan relies on 'questionable assumptions' of funding; and that the proposed 6 percent debt-service ratio cap is neither an accepted rule nor necessarily 'in the public interest.'

"I look forward to working with legislators in the coming months, as this budget and new investments in California's infrastructure are debated, to ensure that the state's spending moves California in the right direction, expanding opportunity for all, building our economic strength, and preserving our environment."

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